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Governor's Tax Restructuring

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Testimony Presented By:

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I appreciate the opportunity to submit comments about the negative impact of Governor Grandholm's business tax restructuring plan. I am Valerie Pfeiffer, Director of Tax and External Reporting for CIT Technologies Corporation, a wholly owned subsidiary of CIT Group headquartered in Bloomfield Hills, Michigan. CIT Group based out of New Jersey is a leading commercial and consumer finance company, with nearly \$50 billion in assets under management and approximately 6,000 employees. CIT Technologies Corporation provides equipment leasing, financing, and remarketing for high-tech assets and is one of the largest independent lessors of enterprise servers and IBM AS/400 (iSeries) midrange equipment in the U.S. Product markets include computer hardware/peripherals, networking, telecommunications, electronics, as well as manufacturing & other capital equipment.

I also Chair the State Government Relations Committee of the Equipment Leasing Association, ELA, with 800 member companies that provide direct finance of one third of all commercial equipment purchases. ELA members engage in business-to-business transactions. They provide equipment-financing options for all types of companies ranging from transportation equipment including aircraft, rail cars and vessels in the large ticket arena, to high-tech equipment such as main frame computers, PC networks, medical and telecommunications in the middle market, to office equipment comprising phone systems, copiers and fax machines in the small ticket arena.

As a concerned Michigan business taxpayer and from a national perspective gained as Chairperson for ELA on state tax issues, I cannot reconcile the net effective tax increase that results from tripling the tax on profits with the attractiveness of other states that are aggressively positioning themselves to reduce the costs of conducting business. The Governor's tax restructuring plan not only triples the tax on our profit, it also has a net doubling of the tax on interest income. The plan has nothing but tax increase written all over it and I urge the leadership of both houses to say 'no' to tax policies that represent a disincentive to doing business in Michigan.

Thank you for the opportunity to present testimony.